MARKET CONDUCT EXAMINATION

OF

NORTHWEST WASHINGTON MEDICAL BUREAU

333 EAST GILKEY ROAD
BURLINGTON, WA 98233-2823

July 1, 1998 – December 31, 1999

TABLE OF CONTENTS

The Honorable Mike Kreidler
Washington State Insurance Commissioner
Insurance Building
P.O. Box 40255
Olympia, Washington 98504

Dear Commissioner Kreidler:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.44.145 and procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner (OIC), an examination of the market conduct affairs has been performed of:

Northwest Washington Medical Bureau, NAIC #47309
333 East Gilkey Road
Burlington, WA 98233-2823

This report of examination is respectfully submitted.

This was a full scope examination of the companies' activities in health care insurance between July 1, 1998 and December 31, 1999.

CHIEF EXAMINER'S REPORT CERTIFICATION and ACKNOWLEDGEMENTS

This examination was conducted in accordance with Office of the Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. Nancy L. Barnes, AIE, ACS and George J. Lazur, AIE, CPCU of the Washington State Office of the Insurance Commissioner performed this examination and participated in the preparation of this report.

The examiners wish to express appreciation for the courtesy and cooperation extended by the personnel of Northwest Washington Medical Bureau during the course of this market conduct examination.

I certify that the following is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of the Insurance Commissioner, and that this report is true and correct to the best of my knowledge and belief.

_____

Leslie A. Krier, AIE, FLMI
Chief Market Conduct Examiner
Office of the Insurance Commissioner
State of Washington

FOREWORD

This market conduct examination report is by exception and additional practices, procedures, and files subject to review during the examination were omitted from the report if no improprieties were indicated. Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code.

Scope

Time Frame

The examination covered the company's operations from July 1, 1998 through December 31, 1999. This was the first examination of Northwest Washington Medical Bureau and was performed both in the Seattle office and on-site at the company's home office in Burlington, Washington.

Matters Examined

The examination included a review of the following areas:

Advertising	Complaints
Claims	Underwriting
Agent Activity	Sales Activity
Rates and Contract Administration	Provider Contracting and Relations

Sampling Standards

Methodology

In general, the sample for each test utilized in this examination falls within the following guidelines:

92 %	Confidence Level
+/- 5 %	Mathematical Tolerance.

These are the guidelines prescribed by the National Association of Insurance Commissioners in the Market Conduct Examiners Handbook.

Regulatory Standards

Samples are tested for compliance with standards established by the OIC. The tests applied to sampled data will result in an error ratio, which determines whether or not a standard is met. If the error ratio found in the sample is, generally, less than 5%, the standard will be considered

as “met.” The standard in the area of agent licensing and appointment will not be met if any violation is identified. The standard in the area of filed rates and forms will not be met if any violation is identified. This will also apply when all records are examined, in lieu of a sample.

For those standards, which look for the existence of written procedures, or a process to be in place, the standard will be met based on the examiner’s analysis of those procedures or processes. The analysis will include a determination of whether or not the company follows established procedures.

HISTORY OF THE COMPANY

Northwest Washington Medical Bureau (NWMB) began operating in Washington state on July 1, 1998. Its Certificate of Authority is as a Health Care Service Contractor (HCSC). NWMB was formed as a result of a merger between Whatcom Medical Bureau and Skagit County Medical Bureau. NWMB is affiliated with the Western Conference of Prepaid Medical Service Plans and is an independent licensee of the Blue Shield Association.

The Company's facility, located in Burlington, Washington, houses customer service, claims processing, computer support, premium billing and enrollment, accounting, administrative services, and marketing.

A Board of Directors governs the Company. The thirteen (13) member Board is comprised as follows:

- Three (3) Whatcom County Physicians
- Three (3) Whatcom County Laypersons
- Three (3) Skagit County Physicians
- Three (3) Skagit County Laypersons
- The President/C.E.O. of NWMB.

The Directors, as of December 31, 1999, are:

Richard James Jones, M.D., Chairman
James Alan Ross, M.D., Vice-Chair
John Allan Boyes, M.D., Director
Rowland Dean Dietrich, M.D., Director
Don Emery Gordon Sr., Director
Judyann Menish, Director
Dennis Rae Murphy, Ph.D., Director
Douglas Kevin Robertson, Director
James Frederick Wells, Interim President & C.E.O., Director
Don Wick, Director
Debbie Lynn Zeret, M.D., Director

As of December 31, 1999, the NWMB board had two (2) vacancies. Dr. John Chandler had resigned from the board and his position had not been filled as of the exam date. Kären Larson resigned as CEO of NWMB. Lay board member James Wells replaced her which created a vacant lay position.

Subsequent Event: The vacant board positions have been filled as follows:

- *Daniel C. Brown, M.D., Physician Board Member, began serving on the Board of Directors February 2000*

- *Mr. Brent Walker, Lay Person Board Member, began serving on the Board of Directors July 2000*

The Board of Directors regularly meets on the second Monday of each month. The Company's annual meeting is held on the fourth Monday in April of each year. NWMB's Executive Assistant maintains minutes from these meetings.

Territory of Operations

Northwest Washington Medical Bureau operates in four (4) counties in Washington State. The counties are Whatcom, Skagit, Island, and San Juan. The examiners did not find any evidence that the Company is operating outside of its stated territory of operation.

Standard #1: The Company is required to be registered with the Office of the Insurance Commissioner prior to acting as a health care service contractor in the State of Washington. (RCW 48.44.015(1))

Result: The Company meets this standard.

Standard #2: The Company is required to report to the OIC any changes to the registration documents, including Articles of Incorporation, By Laws and amendments at the same time as submitting such documents to the Secretary of State. (RCW 48.44.013)

Result: The Company meets this standard.

ADVERTISING

The Company provided the contents of its advertising file as part of the initial request for information. This file contained 26 items. Subsequent requests for information produced another 35 items that qualify as advertising material under WAC 284-50-030(1)(a)-(c). There were two (2) television ads and one (1) radio ad used during the exam period which were not included in the advertising file. The Company was able to provide the videotapes, but it was unable to locate a copy of the audio recording of the radio ad. Of the 61 total advertising pieces used during the examination period, 38 (62.3%) were not included in the advertising file. Appendix I lists the advertising items not included in the advertising file.

The examiners found that two (2) ads used words or phrases that are misleading or deceptive to the public. These ads state that the Company provides "the most comprehensive health care coverage in Whatcom, Skagit, Island and San Juan Counties." These two (2) ads are in violation of WAC 284-50-060(2), which prohibits the use of the word "comprehensive" in a manner that exaggerates any benefits.

There were five (5) advertisements that contained statistical references without disclosing the source of the statistic:

- Two (2) of these stated: "the largest provider network in Whatcom, Skagit, Island and San Juan Counties."
- Two (2) ads stated: "over 10,000 Participating Providers statewide" and "over 1,000 Preferred Providers available in Whatcom, Skagit, Island and San Juan Counties and the City of Stanwood, and access to over 10,000 Participating Providers."
- One (1) ad stated:
  "More Physicians – 550 in Whatcom, Skagit, Island and San Juan Counties
  More Options – Plans suited to businesses from 2 to 2,000
  More Members – Over 13,000 individuals strong and growing
  More Access – Local offices enable you to come in for personal help"

  In addition, this ad also has the capacity to mislead the target audience by stating that NWMB has "Plans suited to businesses from 2 to 2,000." A small group employer includes self-employed individuals, sole proprietors, or any small employer comprised of one (1) to fifty (50) employees, as defined by RCW 48.43.005(24) and WAC 284-43-130(23). The Company was asked about the nature of this ad, and it responded "We offered the same products to all eligible employers of 1 to 50 employees during the period. The ad was considered an 'institutional' or brand promotion ad rather than a product ad. Our intent was to promote the fact that we had products for businesses as well as for individual consumers." Company personnel state that NWMB ceased using this advertisement October 1999.

Appendix II lists the advertising items cited above.

Standard #3: The Company maintains an advertising file as required in WAC 284-50-200.

Total Population:	**61**
Total Reviewed:	**61**
Number of Violations:	**38**
Percentage in Violation:	**62.3% (Outside 5% tolerance level)**

Result: The Company did not meet this standard.

Standard #4: The Company's advertising materials are published in accordance with all Washington Advertising Regulations, WAC 284-50-010 through 230.

Total Population:		**61**
Total Reviewed:		**61**
Number of Violations:		
WAC 284-50-060(2)	**2**	
WAC 284-50-110(3)	**5**	
WAC 284-50-050(2)	**1**	
Total Violations		**8**

Percentage in Violation: **13.1% (Outside 5% tolerance level)**

Results: **The Company did not meet this standard.**

Subsequent Event: Northwest Washington Medical Bureau revised its advertising procedures effective January 1, 2001 to ensure compliance with WAC 284-50-200. The procedures incorporate the tracking of all video and audio advertisements and include this type of advertising as part of the formal advertising file. The Company has also ceased using statistical references in advertisements for which they have no supporting documentation.

COMPLAINTS

Northwest Washington Medical Bureau provided the OIC with the following documentation for the examination:

- A copy of the Company's Complaint, Appeals and Grievances Procedure dated 3/18/99.
- A copy of its database for Appeals and Complaints for the general complaint population.
- A copy of its database for OIC complaints.

The Company's Complaint, Appeals, and Grievances Procedure is extensive and quite detailed. It includes definitions used in the complaint procedure. These definitions are comprehensive and describe the process accurately.

The Customer Service Department handles routine inquiries and complaints. The customer service representative who receives the complaint is responsible for its resolution. Complex complaints may be referred to a more appropriate staff person to handle (i.e., Customer Service Manager, Medical Review Staff, and Claims Manager). All routine inquiries and complaints are documented and maintained in the Company's AMISYS phone log system.

Complaints of an urgent clinical nature are to be immediately forwarded to the Appeals and Grievance Specialist. These complaints are those arising out of the bureau's refusal to provide a service or its refusal to continue to provide services. These complaints are handled within 72 hours.

If a member initiates a formal appeal, the incoming appeal is date-stamped and entered into the AMISYS phone log system. The phone log system assigns a log number, and this number is written on the complaint. The inquiry is then routed to the Appeals and Grievance Specialist. The specialist, upon receipt, date-stamps the inquiry again to acknowledge receipt by the specialist, and completes the AMISYS log, specifying the substance of the complaint. The appeal is entered into NWMB's Appeals Log. This log tracks the timeliness of processing. The appeal is acknowledged in writing. Determination regarding the appeal is made based on contract benefits, exclusions and limitations, and adjudication policies and procedures. Additional information, such as medical records, may be requested and reviewed in consultation with other appropriate staff.

If the original determination is overturned, the member is notified of the decision and the practitioner is notified if necessary. The phone log is updated and the appeal is routed to the appropriate department for action (authorization updates, claim adjustments, claim adjudication, etc.). The Appeals and Grievance Specialist monitors the status of the action to ensure completion and closes the file when appropriate.

If the original determination is upheld, the Appeals and Grievance Specialist notifies the member by letter, outlining the second level of the appeals process. The second level review allows the member to appear before the Appeals Review Committee. This committee is comprised of staff members that have had no prior exposure or knowledge of the case. If the decision is again adverse, NWMB informs the member by certified mail that the appeal may be pursued through non-binding mediation, or other organizations including, but not limited to the Department of Social and Health Services, the Health Care Authority, or the OIC.

NWMB's procedures include a separate section addressing the process for handling inquiries from the OIC. All OIC inquires are to be date-stamped by the mailroom and immediately routed to the Chief Executive Officer's (CEO) assistant for sorting. The CEO's assistant is to forward inquiries relating to appeals or complaints to the Appeals and Grievance Specialist. The procedures note that these inquiries are time-sensitive and must be responded to within fifteen (15) working days from the date of receipt. A separate database is maintained for OIC complaints. In addition, all OIC inquiries are maintained in a secure file to maximize confidentiality.

The procedures state that appeal reviews are completed by NWMB within 30 days of receipt as prescribed by the 1998 Washington State Quality Improvement Program Standards. The procedures include a time-line grid that is to be utilized by staff in order to maintain time allowances for each level of review. The grid shows:

Type of Complaint	Reviewer(s)	Maximum Time from Original Receipt Date
Routine Complaint	Customer Service	7 Calendar Days
Level 1 Appeal	Appeals and Grievance Specialist	14 Calendar Days
Level 2 Appeal	Appeals and Grievance Committee	30 Calendar Days

Company Complaints

During the examination period, there were 566 complaints logged into the Company's Appeals and Complaints database. The examiners removed appeals and complaints that involved the Basic Health Plan, leaving a total of 505. The examiners selected a random sample of 60 complaints for review. The sample of 60 complaints can be broken down as follows:

Type	Number	Overturned	Upheld	No Decision
Claim Processing	5	1	1	3
Coordination of Benefit	1	0	0	1
Covered Services	14	10	4	0
Eligibility	1	0	1	0
Noncovered Services	11	6	5	0
Benefit Payment/ Copayments	6	2	4	0
Preauthorization	5	1	3	1
Provider Relations	1	0	0	1
Referrals	6	5	1	0
Provider Contract Rules	10	6	4	0
Total	**60**	**31**	**23**	**6**

Fifty-two percent (52%) of the complaint files reviewed had the initial determination overturned. NWMB attributes much of these overturned complaints to the merger and change in computer systems. However, detailed review found that customer service personnel are quoting incorrect benefits to members (i.e., incorrect copayments, incorrect coinsurance, incorrect benefit maximums, and eligibility issues).

Subsequent Event: The Company provided the examiners with copies of customer service guidelines, telephone auditing forms, and internal correspondence regarding customer service monitoring activities that demonstrate NWMB's efforts and success in correcting customer service personnel errors. These efforts have been on-going since January 2000.

Ten (10) of the 60 complaints concerned provider contract rules centered on timely filing.

Subsequent Event: NWMB provided the examiners with copies of their 2000 facility and provider contracts. The provider billing procedures are more clearly defined in these agreements.

Review of the random complaint sample indicates that the Company is not adhering to its written procedures. The procedures state that the incoming complaint is to be routed "immediately" to the Appeals Specialist. NWMB's procedures state that the complaint is to be reviewed within 14 calendar days of receipt. The complainant is to receive a response from the Company within the 30-day standards established by the 1998 Washington State Quality Improvement Program. The Department of Social and Health Services/Medical Assistance Administration developed these standards. Of the 60 files reviewed, it took an average of seven (7) calendar days for the complaint to be routed to the Appeals Specialist, and it took an average of 38 days for complaint resolution.

The Company created the position of Complaints and Appeals Coordinator in September 1998. This position is responsible for monitoring timely resolution of complaint issues. NWMB states that quarterly reports are generated to track activity. The Company states that these reports indicate a significant improvement since the position was created. However, the examiners' review of the random sample clearly indicates that complaints are not being resolved within the times established in the Company's procedures.

Complaints to the Company increased by ten percent (10%) during the first six months of 1999. The Company attributes this increase to the change in the claims computer system.

OIC Complaints

During the examination period, the OIC received 87 complaints about NWMB. Eight (8) of these complaints were not forwarded to the Company, one (1) was a duplicate record, and one (1) was not actually received by the Company until January of 2000. This left a total of 77 complaints. There were 84 complaints on the Company's database. Two (2) were duplicate records, and five (5) were not on the OIC system. This also leaves a total of 77 complaints.

The examiners selected a random sample of 60 complaints for review. Four (4) were reviewed as part of the general complaint sample, but were included in this section to determine timeliness of response. One (1) file included in the sample was from October 1997. This file is outside the exam period and was removed from the sample leaving a sample of 59 files for review.

The sample of 59 OIC complaints can be broken down as follows:

Type	Number	Overturned	Upheld	No Decision
Benefits	12	5	7	0
Claim Processing	5	2	2	1
COB	4	3	0	1
Customer Service	19	8	6	5
Eligibility	2	1	1	0
Employer Requirements	1	0	0	1
Provider	1	0	1	0
Provider Rules	4	1	3	0
Rates	10	1	8	1
Subrogation	1	1	0	0
Total	**59**	**22**	**28**	**9**

The breakdown of the sample shows that 37.3 percent of the complaints received by the OIC had the original decision overturned. The majority of these complaints deal with issues concerning NWMB's customer service. The transition between the old computer system and

the new one was responsible for claims delays, long telephone hold times, and incorrect processing of claims. In addition, the review shows a trend of increases in claim handling complaints through the exam. The trend is illustrated as follows:

Time Period	# of Complaints
7/1/98 – 12/31/98	12
1/1/99 – 6/30/99	18
7/1/99 – 12/31/99	24

The examiners would expect to see an increase from 1/1/99 to 6/30/99 due to the transition to the new computer system. However, complaints regarding claim processing and customer services issues continued to increase during the last six months of the exam period. NWMB attributes the increase for the period 7/1/99 to 12/31/99 to the growth of the Company and believes that this increase is parallel to the increase in membership.

The examiners also reviewed the OIC complaints to determine the length of time from receipt to response to the OIC. The average response time to the OIC was 8.3 days from receipt. All files were in compliance with WAC 284-30-650.

Standard #5: Response to communication from the OIC must be prompt, within 15 business days of receipt of the correspondence. In addition, the response must contain the substantial information requested in the original communication. (WAC 284-30-650 and Technical Advisory T98-4).

Total Population: **77**
Sample Size: **59**
Number of Violations: **0**
Percentage in Violation: **0% (Within 5% tolerance level)**

Results: **The Company meets this standard.**

RCW 48.43.055 states that each health carrier shall file its procedures for review and adjudication of complaints with the OIC. The examiners found that complaint procedures were filed 9/15/95 and approved 10/15/95 for Whatcom Medical Bureau. Skagit County Medical Bureau filed complaint procedures 9/13/95 for an effective date of 6/1/95. There were no filings of complaint procedures by NWMB coincident with or after the merger. Communication with Company personnel state "We are unaware of any filing coincident in regard to complaints/appeals procedures. Any filings with the OIC regarding complaints and appeals would have been in context of contractual filings. No other information is available."

Standard #6: The Company has filed with the OIC a copy of its procedure for review and adjudication of complaints. (RCW 48.43.055)

Results: **The Company did not meet this standard.**

Subsequent Event: The Company's policies and procedures for the review and adjudication of complaints have been consolidated under the Regence Blue Shield policies and procedures. The Regence Blue Shield procedures were filed January 3, 2000 and approved on March 20, 2000. The effective date for this procedure is December 30, 1999.

Standard #7: The Company has a means to disclose to an enrollee or prospective enrollee a copy of the grievance procedures for claims and for service denial as well as dissatisfaction with care. (RCW 48.43.095(1)(h)).

Results: The Company meets this standard.

AGENT ACTIVITY

There were 176 licensed and appointed agents of the Company during the examination period. In addition, there were 11 NWMB employees that were licensed and appointed to represent the Company. The records provided by the Company are consistent with the records maintained by the OIC.

Licensing and appointment of agents is the responsibility of the Marketing Department. The Company has written procedures that are followed. The procedures also state that all agents must be licensed by the State of Washington and appointed by NWMB prior to representing the Company and submitting business.

The examiners reviewed a total of 166 files for this section of the examination. The agent licensing and appointment dates were compared to the dates the new business or renewal quotes were provided to the agent. The sample consisted of the following:

Source	Total Files	Number Examined
New Business / Quotes	1,049	18
In – Force Groups	3,691	137
Account Executives	11	11
Totals	**4,751**	**166**

The review of these files confirmed that all agents and NWMB marketing employees had been licensed and appointed prior to quoting or writing any business on behalf of the Company. There were no violations in this section.

Standard #8: The Company ensures that agents are licensed for the appropriate line of business with the State of Washington prior to allowing them to solicit business or represent the Company to the public in any way. (RCW 48.44.011 and RCW 48.17.060(1) and (2)).

Total Population: 4,751 Agents

Sample Size: **176 Agents**
Number of Violations: **0 Agents**
Percentage of Violations: **0% (0 tolerance level)**

Results: **The Company meets this standard.**

Standard #9: The Company requires that agents are appointed to represent Northwest Washington Medical Bureau prior to allowing them to solicit business on behalf of the Company. (RCW 48.17.010).

Total Population: **4,751 Agents**
Sample Size: **176 Agents**
Number of Violations: **0 Agents**
Percentage of Violations: **0% (0 tolerance level)**

Results: **The Company meets this standard.**

NEW BUSINESS QUOTES/SALES ACTIVITY

For new business cases, the quote process begins when an agent, broker or employer contacts NWMB's Marketing Department. The Account Executive or the Sales and Service Representative initially sends two forms to the requesting entity. These forms are the Enrollment Guidelines for New Business and a Request for Group Proposal. When these forms are returned with the census data and application information regarding the current plan, a rate quote is prepared along with several alternative plans. This quote is then sent out in a package that also includes a cover letter, a benefit comparison sheet, summaries of specific plans, and application forms for the employer and employee.

The Company issued 1,049 quotes during the examination period. A random sample of 30 files was selected for review by the examiners. The review consisted of the following:

- Review of the rates quoted and/or sold to groups to ensure that these rates were consistent with those filed with the OIC.
- Review of the benefits quoted and/or sold to ensure that the benefit plan design was the same as the design requested.
- Review of the file to ensure that the agent requesting the quote and the NWMB Account Executive were properly licensed and appointed prior to issuance of the quote.

From the random sample of 30, there were eight (8) quotes missing from the sample, and the Company could not locate these quotes. There were also four (4) quotes that were prepared during the examination period but had effective dates and rates that were subsequent to the examination period. The remaining 18 quotes were reviewed. The examiners found three files in violation:

- One (1) file contained a lower adult rate shown on the contract declaration page than what was illustrated on the quote.
- One (1) file had a higher adult rate on the quote than the filed rate.
- One (1) file did not contain an age factor worksheet, thus making it impossible for the examiners to check the accuracy of the rates.

In November 1999 the Company's marketing and underwriting policies were revised to include self-auditing and second party auditing processes to reduce the potential for clerical errors. All materials relating to rate proposals and renewals are subject to audit prior to release to leaving the Company.

See Appendix III for the specific quotes in violation.

Standard #10: Rates and benefits quoted have been filed and approved with the Office of the Insurance Commissioner as required by RCW 48.44.040 and WAC 284-43-920(1).

Total Population:	**1,049**
Sample Size:	**18**
Number of Violations:	**3**
Percentage in Violation:	**16.7% (Outside 5% tolerance level)**

Result: **The Company did not meet this standard.**

CONTRACTS/MEMBER HANDBOOKS

The Company issued both individual and group contracts during the examination period. A complete contract consists of:

- Group Coverage Application
- Declaration Page
- Contract Booklet
- Reference Card & Quick-Guide for Benefit Information
- Any riders included with the plan (i.e., chiropractic, dental, vision, etc.)

Member handbooks were not used by NWMB until March 22, 2000, which is subsequent to the examination period. Prior to March 22, 2000, group members were provided with a copy of the contract booklet. Medicare Supplement plans do not include a reference card or any optional riders.

The Company provided the examiners with seven binders containing contract forms. These binders contained 67 contracts and 231 endorsements, for a total of 298 documents. The documents consisted of individual plans, Medicare Supplement plans, community group plans for Skagit County Medical Bureau, community group plans for Whatcom Medical Bureau, copies of the OIC contract filings, and copies of the optional riders.

All documents were reviewed. The examiners found the following violations:

- Four (4) Medicare Supplement endorsements that were in use during the exam period were not filed. The endorsements updated the member materials with the federally mandated changes in Medicare benefits that occur annually. Rates were unchanged. There were 8,597 Medicare Supplement contracts issued during the exam period. 7,057 of these contract holders received these endorsements. This is a violation of RCW 48.44.040. All of the Medicare Supplemental contracts were refiled May 18, 2000, and approved for a June 1, 2000 effective date.
- Five (5) dental riders that were in use during the exam period were not filed. There were 12,873 group members that received these riders. There were rates filed for these riders, but the riders containing the contractual language never were filed. This is a violation of RCW 48.44.040.
- There were fifteen (15) contracts that contained definitions of emergency illness that included the phrase "as determined by the Company." This violates the prudent person language required by RCW 48.43.005(10) and RCW 48.43.093(1)(a). There have been no new filings or amendments to the filings to correct the contract language.

The standards listed below reflect only those contracts and endorsements that contained violations of the RCW or WAC. There were no violations found for any of the other code sections. See Appendixes IV and V for those contracts and endorsements found to be in violation of the following standards.

Standard #11: The Company files all forms with the OIC prior to use as required by RCW 48.44.040.

Total Population:	**298**
Sample Size:	**298**
Number of Violations:	**9**
Percentage of Violations:	**3.0% (0 tolerance level)**

Result: **The Company did not meet this standard.**

Standard #12: Contracts contain the definition of emergency treatment as stated in RCW 48.43.005(10) and RCW 48.43.093(1)(a).

Total Population:	**298**
Sample Size:	**298**
Number of Violations:	**15**
Percentage of Violations:	**5.0% (0 tolerance level)**

Results: **The Company did not meet this standard.**

Subsequent Event: The Company states that even though the language was not correct, standard business practice was to apply the prudent layperson definition. Eight (8) of the group contracts cited in Appendix V have been discontinued. The remaining seven (7) individual contracts cited in Appendix V will be discontinued effective July 1, 2001 as part of the merger with Regence Blue Shield.

PROVIDER CONTRACTS

Provider Contract Forms

There were a total of 12 provider contract forms in use by the Company during the examination period. The Company provided us with eight (8) generic provider contract forms. The examiners also requested a sample of 26 specific provider contracts for review from the Provider Network for Non-Managed Care Directory dated July 1, 1999. While reviewing this sample, the examiners found an additional four (4) contract forms that were also in use during the examination period.

The examiners found the following violations in their review:

- There were four (4) provider contract forms that did not include the hold harmless language required under WAC 284-43-320(2)(a)-(f).

- There were eight (8) unfiled forms, which is a violation of RCW 48.44.070 and WAC 284-43-330(1).

- One (1) contract was created by Whatcom County Medical Bureau in 1996 and was still in use by NWMB during the examination period. It had not been refiled.

- One (1) form was not a complete contract. It was an amendment to a contract form. The contract form was not included with the amendment. The amendment had not been filed.

Standard #13: Each participating provider contract must contain hold harmless language required by WAC 284-43-320(2)(a)-(f). (See Appendix VI.)

Total Population:	**12**
Sample Size:	**12**
Number of Violations:	**4**
Percentage of Violations:	**33.3% (0 tolerance)**

Results: The Company did not meet this standard.

Subsequent Event: Provider agreements were amended and refiled to include hold harmless and insolvency language on April 26, 2000 with a June 1, 2000 effective date. The Company

plans to revise pharmacy contracts to reflect Washington as the state of governing law as part of the Company's merger with Regence Blue Shield.

Standard #14: Each provider contract must allow at least sixty (60) day written notice by either party to terminate the contract without cause as required by WAC 284-43-320(7).

Total Population:	**12**
Sample Size:	**12**
Number of Violations:	**0**
Percentage of Violations:	**0% (0 tolerance)**

Results: The Company met this standard.

Standard #15: All provider contract forms must be filed and approved by the OIC prior to use as required by RCW 48.44.070 and WAC 284-43-330(1). (See Appendix VII.)

Total Population:	**12**
Sample Size:	**12**
Number of Violations:	**8**
Percentage of Violations:	**66.7% (0 tolerance)**

Results: The Company did not meet this standard.

Subsequent Event: NWMB began filing all provider contract forms as required by RCW 48.44.070 and WAC 284-43-330(1). OIC records indicate that the provider contract forms were filed April 26, 2000 and approved on May 4, 2000 for a June 1, 2000 effective date.

Standard #16: Any provider contract forms that contain a definition of emergency medical condition must comply with WAC 284-43-130(3) and RCW 48.43.005(10).

Total Population:	**12**
Sample Size:	**12**
Number of Violations:	**0**
Percentage of Violations:	**0% (0 tolerance)**

Results: The Company met this standard.

Provider Manuals

The examiners reviewed the Provider Manuals for Whatcom Medical Bureau (6/97), Skagit County Medical Bureau (9/95), and a draft of the new manual for NWMB (8/99). The latest draft is longer and has more detailed information than either of the earlier versions. There were no violations found in these manuals.

RATE FILINGS

The Company provided the examiners with copies of its rate filings for the examination period. These filings were compared to the OIC records in order to verify that all rates had been filed and approved. All of the rates used during the examination period were filed and approved by the OIC.

The Company provided the OIC with a listing of all group contracts inforce between January 1, 1999 and December 31, 1999. There were 1,065 indemnity plans, 667 managed care plans, and 1,959 PPO plans for a total of 3,691 inforce groups. From this listing, the examiners selected a random sample of 150 groups to review.

NWMB was unable to locate ten (10) of the files. When asked why the files could not be located, the Company stated that the marketing and underwriting files were located in four different buildings in Mount Vernon and Bellingham during the examination period. Staff was challenged to maintain files according to accepted standards. Performance improved when most records were consolidated at the newly constructed corporate headquarters in Burlington during April 2000. Further improvement occurred when marketing and underwriting records located in Bellingham were consolidated in Burlington in November 2000. In addition to the above, three (3) files selected in the sample were not in force during the examination period. These 13 files were removed from the sample.

The remaining 137 inforce group files were reviewed to determine that the rates used were filed and approved, that the benefits sold to the groups were filed and approved, and that the agent and account executive were properly licensed and appointed. The following problems were discovered:

- There were 20 incomplete files for groups that are members of various Chambers of Commerce in the Company's territory. These files are all maintained in the Bellingham office of the agent that wrote the business. Minimal information is maintained in the NWMB files. It was not possible to verify rates or benefits on these files.

- There were 30 files that were missing information needed to conduct a proper review.
  - There were 24 files that were missing the age calculation worksheet that is needed to accurately calculate the correct premium.
  - There were 18 files that did not contain a quote sheet, making it impossible to verify that the benefits issued were the ones requested and consistent with the rates quoted/sold.
  - There were three (3) files that were missing the contract declaration page showing the actual rates and coverage issued.

There were five (5) files that contained incorrect rates:

- One (1) file used Third Quarter rates with a Fourth Quarter effective date.
- One (1) file used Second Quarter rates with a Third Quarter effective date.
- One (1) file used First Quarter rates with a Second Quarter effective date.
- One (1) file had an adult rate that was higher than the filed rate, based on the age worksheet in the file.
- One (1) file had rates for the 1 child and +2 children categories that were higher than the filed rates. In addition, two different benefit plans were used for the rate calculation between the adult rates and the children rates.

These rate discrepancies are violations of RCW 48.44.040 and WAC 284-43-920(1). This RCW and this WAC state that any rate modification or contract change must be filed with the Commissioner prior to being offered for sale to the public. The violations are noted in Appendix VIII.

Standard #17: The rates quoted and the rates charged on new or renewed contracts must be filed with and approved by the Office of The Insurance Commissioner before use (RCW 48.44.040 and WAC 284-43-920(1)).

Total Population:	**3,691**
Sample Size:	**137**
Number of Violations:	**5**
Percentage of Violations:	**3.6% (Inside 5% tolerance level)**

Result: The Company meets this standard.

CLAIMS

NWMB maintained two claims processing systems during the examination period. Claims were maintained on the MSC system from July 1, 1998 to December 31, 1998. Effective January 1, 1999, all claims began processing in the AMISYS system.

Paper claims are received, date-stamped, and filmed in the Company's Administrative Services Department. The claims are filmed in "micro-date-order." The micro-date-film number is a unique number stamped on each paper claim received. This micro-date-stamp number is keyed into the appropriate field of the claim data entry screen. The AMISYS system pre-assigns claim numbers. NWMB also receives claims via Electronic Data Interchange (EDI). Approximately 60 percent of NWMB providers currently use EDI as the preferred method for claims submission.

The following describes what happens with the claims from the time the Company receives them until they are completed as a processed claim:

- Paper claims are received in the mailroom.
- Claims are date-stamped, filmed, and batched.

- Batches are routed to claims examiners to be entered into the AMISYS system.
- Clean paper claims and EDI claims process straight to a payable status on the system.
- Pended paper claims and EDI claims are worked by the Edit/Audit Staff until the claim adjudicates to a payable status.
- A computer run, called a Payable Extract, is prepared.
- The Payable Extract report is reviewed and corrections are made.
- The Payable Extract report is run again.
- The Extract then posts, and the claims in that run are complete (paid, denied, applied to deductible, etc.).

Claim Review

There were a total of 1,471,588 claims during the exam period. The breakdown of these claims, by system, is as follows:

- MSC System 372,115
- AMISYS Medical 756,598
- AMISYS Drug 342,875

Because of the number of claims available in the total population, the examiners requested that the Company randomly select the claim files to be reviewed. The examiners asked the Company to select 90 MSC claims, 180 AMISYS medical claims, and 30 AMISYS drug claims for a total of 300 claims. The sample size was chosen based on NAIC standards as stated in the Market Conduct Examiners Handbook.

The examiners found errors on 78 of the 300 claims. Those errors fell into the following categories:

Type of Error	MSC System	AMISYS Medical	AMISYS Drug
Coordination of Benefits (COB)	1	46	23
Missing Claim Backup	0	5	0
Incorrect Input	0	3	0
Total	**1**	**54**	**23**

- The Company incorrectly recorded Coordination of Benefits (COB) savings on 70 claims. The examiners found that any portion of allowed amounts that the Company did not have to pay to a provider or to a member was being placed in COB savings, regardless of the existence of other coverage or whether NWMB is primary or secondary. For example, if a claim has a total charge of $40.00 and the $40.00 is applicable to a member's deductible, that $40.00 is placed in COB savings. If a claim has a total charge of $40.00 and the member is responsible for a $10.00 copayment, the Company will pay $30.00 to the provider and place $10.00 in COB savings. If a claim is processed on a Fee-for-Service

(FFS) basis, the entire amount of the claim is placed in COB savings. NWMB responded that any allowed amount that does not have to be paid out to a provider or the member gets put into COB savings. Further discussion with Company personnel indicates that this is a system flaw of AMISYS that they are aware of. Measures are being taken to reconfigure the program to track COB savings correctly. However, the Company does not appear to be overly concerned with this situation because COB savings are being over-reported.

- The examiners were unable to determine the accuracy of five (5) claims, as the backup information was not available.
- Three (3) claims were not input correctly into the AMISYS medical claims system. In all three instances, the claims involved Medicare Supplement coverage. The amounts allowed and paid by Medicare were entered incorrectly. The correct coinsurance amounts were paid by NWMB to the providers. NWMB attributes these errors to system configuration issues that did not affect payment of the supplemental insurance amounts. The Company has assured the examiners that the system configuration errors have been corrected.

Violations are notes in Appendix IX.

Standard #18: The Company administers Coordination of Benefits provisions according to WAC 284-51.

Total Population:	**1,471,588**
Sample Size:	**300**
Number of Violations:	**70**
Percentage of Violations:	**23.3% (Outside 5% tolerance level)**

Result: The Company did not meet this standard.

Subsequent Event: As part of the merger with Regence Blue Shield, system improvements will be implemented to remedy any deficiencies in recording coordination of benefits. The system changes are to be completed by October 1, 2001.

Standard #19: Claim files are adequately documented.

Total Population:	**1,471,588**
Sample Size:	**300**
Number of Violations:	**5**
Percentage of Violations:	**1.7% (Within 5% tolerance level)**

Result: The Company meets this standard.

Standard #20: The Company has audit measures in place to assure accurate input and adjudication of claims.

Total Population:	**1,471,588**

Sample Size: **300**
Number of Violations: **3**
Percentage of Violations: **1.0% (Within 5% tolerance level)**

Result: **The Company meets this standard.**

The Company has been involved in ongoing quality improvement efforts since January 2000. Internal daily audit procedures were given to the examiners for review. Self-monitoring of these activities indicate that the efforts have been successful by a reduction of errors.

The handling of one claim, which eventually was reported to the Company as a complaint, has caused concern by the OIC in regard to the Company's administration and adjudication of benefits in its contracts. This complaint regards an "unwritten" procedure that was in place prior to the merger of Whatcom Medical Bureau and Skagit County Medical Bureau. Company personnel state that this procedure was to authorize a higher benefit than what was written in the contract for air ambulance claims. Company personnel also state that this procedure was standard practice under Whatcom Medical Bureau contracts. The Whatcom Medical Bureau Medical Policy Committee determined that air transport would always cost more than the $2,000 benefit limit. Rather than change all the contracts, an internal decision was made to allow payment of these types of claims up to $6,000 with established medical necessity. This decision did not affect Skagit County Medical Bureau policy or claims processing. The Company states that when the two bureaus merged, the Whatcom Medical Bureau procedure was discontinued and allowances on air ambulance claims were held to the members' contracts. However, it does appear that this practice continued after the merger. Evidence of this procedure can be substantiated by internal emails stating that the contract maximum is $2,000, yet some claims payments have been as high as $6,000. A review of 365 air ambulance claims incurred during the exam period shows that 72 claims (19.7%) paid at amounts higher than the contract maximum. The Company states that this was related to a contract provision that was part of a Whatcom Medical Bureau contract that is no longer offered.

As part of the claim review, the examiners tracked the total turn-around time for claim payment. The average receipt to final processing of NWMB's claims is 17.8 days. The breakdown of receipt to paid status is as follows:

- 1 – 30 days: 244 claims (81.4%)
- 31 – 60 days: 37 claims (12.3%)
- 61 – 90 days: 12 claims (4%)
- 91+ days: 7 claims (2.3%)

Subsequent Event: The Company has procedures in place to address prompt pay standards for clean claims. The procedures, initiated June 2000 and implemented August 15, 2000, clearly define clean claims and outline NWMB's procedures and goals to achieve compliance with WAC 284-43-321.

SUMMARY

Northwest Washington Medical Bureau has experienced substantial growth since the merger of Whatcom Medical Bureau and Skagit County Medical Bureau in July of 1998. The areas of concern noted throughout the report can be primarily attributed to the merging of the two companies.

It is apparent that the implementation of new procedures and systems has been a challenge. The Company has shown responsiveness to the examiners questions and recommendations throughout the examination. However, it is critical that the Company initiates the necessary steps to provide employee and provider education and training, as well as further development of the procedures and systems currently in place in order to handle the volume of business flowing through NWMB.

INSTRUCTIONS

1. The Company is in violation of WAC 284-50-200 and is instructed to maintain a complete advertising file. (Pages 8 and 9)

2. The Company is in violation of WAC 284-50-060(2) and is instructed to cease the use of the word "comprehensive" in any advertising materials such that "comprehensive" may exaggerate benefits provided by the Company. (Pages 8 and 9)

3. The Company is in violation of WAC 284-50-110(3) and is instructed to disclose the source of all statistical references used in the Company's advertising materials. (Pages 8 and 9)

4. The Company is in violation of RCW 48.43.055 and is instructed to file its procedures for review and adjudication of complaints. (Page 15)

5. The Company is in violation of RCW 48.44.040 and WAC 284-43-920(1) and is instructed to only use rates and benefits that have been filed and approved by the OIC. (Pages 16, 21 and 22)

6. The Company is in violation of RCW 48.43.005(10) and RCW 48.43.093(1)(a) and is instructed to correct the definition of emergency treatment in its individual plan contracts and endorsements that will be in use until July 1, 2001. (Pages 17 and 18)

7. The Company is in violation of RCW 48.44.070 and WAC 284-43-330(1) and (2) and is instructed to file its provider contract forms at least 15 days prior to use. (Pages 19, 20, and 21)

8. The Company is in violation of Chapter 284-51 WAC and is instructed to make any necessary claim system programming adjustments in order to appropriately track and maintain Coordination of Benefits standards. (Pages 24 and 25)

RECOMMENDATIONS

1. It is recommended that the Company implement monitoring of customer service personnel in order to minimize member complaints due to misquoting of benefits. (Page 12)

2. It is recommended that the Company adhere to its complaint procedures in order to meet written guidelines for complaint resolution. (Page 13)

3. As the Company could not locate requested sample files**,** it is recommended that the Company maintain complete underwriting and contract files for both quoted and inforce business. (Pages 17, 21, and 22)

4. It should be noted that two (2) of the pharmacy provider contract forms show New Jersey as governing law, with a notation that the laws of the state where the pharmacy is located would be the state of governing law. It is recommended that the Company revise its pharmacy provider contracts to show Washington as the state of governing law. (Pages 19 and 20)

5. It is recommended that the Company implement an auditing procedure to ensure claim data entry is correct. (Page 24 and 25)

6. It is recommended that the Company maintain copies of all claim documentation in a system suitable to data storage for claims. (Page 24 and 25)

APPENDIX I
Items Not Included In The Advertising File

Item #	Item Description
1	Radio Copy for PEBB Advertisement (39 dates, 10-19-98 / 11-28-98)
2	Cable TV Ad: Power Of One "Give Kids A Good Start '98" (7 dates, 10-98 / 12-99
3	Cable TV Ad: Power Of One "Improving Healthcare" (7 dates, 10-98 / 12-99
27	Member Newsletter, "NORTHWEST HEALTH", Summer 1999
28	Member Newsletter, "NORTHWEST HEALTH", Fall 1999
29	Provider Newsletter, "PROFESSIONAL EXCHANGE", November 1998
30	Provider Newsletter, "PROFESSIONAL EXCHANGE", April 1999
31	Provider Newsletter, "PROFESSIONAL EXCHANGE", Summer 1999
32	Brochure: Health Care For Individuals And Families (Whatcom County)
33	Introduction Letter (Enclosures 02:sales\indiv.mmo) (Sent with #32)
34	NWMB Individual Plan Residency Requirement (Sent with #32)
35	Summary of Benefits Effective 10/1/98 Preferred Care Individual Plan (ppoindwh.1098) (Sent with #32)
36	Summary of Benefits Effective 10/1/98 $1,000,000 Major Medical Individual Plan (mm-ind-wh-10/98) (Sent with #32)
37	Summary of Benefits Effective 10/1/98 Preferred Care Individual Value Plan (valplnwh.10-98) (Sent with #32)
38	Benefit Comparison for the Washington Basic Health Plan and NWMB's Individual Plans Effective October 1, 1998 (INDBASIC.LIM) (Sent with #32)
39	Additional Benefit Information (Benefit Comparison) (Sent with #32)
40	Additional Benefit Information (Benefit Comparison) (Sent with #32)
41	Provider Network for Non-Managed Care 7/1/99 (Preferred Provider by Speciality-Ver1.2 7/1/99) (Sent with #32)
42	Brochure: Health Care For Individuals And Families (Skagit, Island, San Juan Counties and City of Stanwood)
43	Introduction Letter (Enclosures 02:sales\indiv.mmo) (Sent with #42)
44	NWMB Individual Plan Residency Requirement (Sent with #42)
45	Summary of Benefits Effective 10\1\98 Preferred Care Individual Plan (ppoindwh.1098) (Sent with #42)
46	Summary of Benefits Effective 10\1\98 $1,000,000 Major Medical Individual Plan (mm-ind-wh-10/98) (Sent with #42)
47	Summary of Benefits Effective 10\1\98 98 Preferred Care Individual Value Plan (valplnwh.10-98) (Sent with #42)

Item #	Item Description
48	Benefit Comparison for Washington Basic Health Plan and NWMB's Individual Plans Effective October 1, 1998 (INDBASIC.LIM) (Sent with #42)
49	Additional Benefit Information (Benefit Comparison) (Sent with #42)
50	Additional Benefit Information (Benefit Comparison) (Sent with #42)
51	Provider Network for Non-Managed Care 7/1/99 (Preferred Provider by Speciality-Ver1.2 7/1/99) (Sent with #42)
52	Small Group Rates and Benefit Outlines Letter (COMMGRP\RENEWAL\SMLGRP.RON)
53	Group Rate Request
54	Rates for Effective Dates of 10/1/98, 11/1/98, and 12/1/98 (4Q98SML.RTS)
55	Benefit Comparison Effective 7/1/98 (SALES\QUOTES\OUTLINES\OUTLINES.197\MM-1-2-PP.98)
56	Summary of Benefits Skagit-Islands Advantage Health Plan Effective 7/1/98 (SALES\MARKETING\ADV\OUT.798)
57	Summary of Benefits Skagit-Islands Preferred Care High Option Plan Effective 7/1/98 (sales\quotes\outlines\outlines.197\highopt.798)
58	Benefit Comparison for Washington Basic Health Plan and NWMB's Group Plans (Sales\marktingbsc-grp.798)
59	Statement Of Intent To Commence Group Coverage Group Size 1-10 (MARKTING\SOI-SML.DOC)
60	Group Medical Insurance Waiver Form (Cmmgrp\grpwaiv99.doc)
61	Group Coverage Application

APPENDIX II
Items In Violation Of The Advertising Regulations

Code	Item #	Item Description	Violation
WAC 284-50-060 (2)	32	Health Care For Individuals And Families (Whatcom County)	States: "the most comprehensive health care coverage available in Whatcom, Skagit, Island and San Juan Counties"
	42	Health Care For Individuals And Families (Skagit, Island, San Juan Counties and City of Stanwood)	States: "the most comprehensive health care coverage available in Whatcom, Skagit, Island and San Juan Counties"
WAC 284-50-110 (3)	1	Radio Copy for PEBB Advertisement (39 dates, 10-19-98 / 11-28-98)	Advertisements use statistical information about the size of the provider network or the number of members but do not state the source of this information.
	16	PEBB Ad – 4 papers (30 dates, 10-21-98 / 11-25-98)	
	20	T-Shirt Ad – 9 papers (22 dates, 6-23-99 / 10-99)	
	32	Health Care For Individuals And Families (Whatcom County)	
	42	Health Care For Individuals And Families (Skagit, Island, San Juan Counties and City of Stanwood)	
WAC 284-50-050 (2)	20	T-Shirt Ad – 9 papers (22 dates, 7-4-99 / 10-31-99)	States that "Plans are suited to businesses from 2 to 2,000." The definition of a small group employer includes self-employed individuals or sole proprietors, comprising from one (1) to fifty (50) employees.

Appendix III
Items in Violation of New Business/Quotes Standards

GROUP #	Violation
296	Lower Adult rate on Declaration Page of Contract
399	No Age Factor Worksheet*
556	Adult rate quoted higher than rate filed with OIC

* Unable to determine correct rate.

APPENDIX IV
Contracts in Violation of RCW 48.44.040 – Not Filed

Form Number	Description	Effective Date
END-NWMBA.99 (1/99)	Medicare Supplement Plan A Endorsement	01-01-99
END-NWMBB.99 (1/99)	Medicare Supplement Plan B Endorsement	01-01-99
END-NWMBC.99 (1/99)	Medicare Supplement Plan C Endorsement	01-01-99
END-NWMBF.99 (1/99)	Medicare Supplement Plan F Endorsement	01-01-99
Dental Exhibit H-C (6/99)	Northwest Washington Medical Bureau Exhibit H-C - Dental Services	06-01-99
Dental Exhibit H-B (6/99)	Northwest Washington Medical Bureau Exhibit H-B - Dental Services	06-01-99
BI-ORTHO (6/99)	Northwest Washington Medical Bureau Special Orthodontic Services	06-01-99
B-DNTL H-AA (6/99)	Group Dental Coverage Plan H-AA	06-01-99
B-DNTL H-A (6/99)	Group Dental Coverage Plan H-A	06-01-99

APPENDIX V
Contracts in Violation of RCW 48.43.093(1)(a)
Emergency Treatment

Form Number	Description	Effective Date
I-PPP (6/99)	Individual Preferred Health Care Service Contract	07-01-99
I-PPP-BP (6/99)	Individual Health Care Service Contract Preferred Care Basic Plan	07-01-99
I-HDMM (6/99)	Individual Health Care Service Contract $1,000,000 Major Medical	07-01-99
I-PPP-VP (6/99)	Individual Preferred Care Value Plan Service Contract	07-01-99
I-PPP (5/95)	Individual Health Care Service Contract Skagit-Islands Preferred Care Plan	08-30-98
I-PPP-VP (2/97)	Individual Health Care Service Contract Skagit – Islands Preferred Care Value Plan	08-30-98
I-STN/CONV (5/95)	Individual Health Care Service Contract Standard Conversion Plan	09-01-96
CG93 PPP-CMM (1/97)	Skagit County Medical Bureau Skagit – Islands Preferred Contract	01-01-97
CG97 AVHP (1/97)	Community – Rated Managed Service Plan with Extended Network	01-29-97
CG93MM-1 (1/97)	Skagit County Medical Bureau Major Medical Plan 2 Contract	01-29-97
CG-93 MM-2 (1/97)	Skagit County Medical Bureau Major Medical Plan 2 Contract	01-01-98
CG-97 PPP-HO (6/99)	Preferred High Option Group Medical Service Contract	07-01-99
CG-93 MM-2 (6/99)	Major Medical Plan 2 Contract	07-01-99
CG-93 PPP-CMM (6/99)	Preferred Group Medical Service Contract	07-01-99
CG-97 AVHP (6/99)	Advantage Healthplan Managed Care Service Contract With Extended Network	07-01-99

APPENDIX VI
Hold Harmless Language Must Be Included
WAC 284-43-320(2)(a)-(f)

ITEM NUMBER	FORM NUMBER	DESCRIPTION
F-1	SCMB-PA (1/96)	SCMB Participating Physician Agreement
S-24	Pharmacy Agreement(12/1/96)	Preferred Pharmacy Agreement
S-25	No Form Number (1/96)	Integrated Prescription Drug Program Master Agreement
S-26	21225_1 (1/1/99)	Integrated Prescription Drug Program Master Agreement

APPENDIX VII
Participating Provider Contracts Must Be Filed
RCW 48.44.070, WAC 284-43-330(1)

ITEM NUMBER	FORM NUMBER	DESCRIPTION
F-1	SCMB-PA (1/96)	SCMB Participating Physician Agreement
F-2	WSPEC2 (1/98)	WMB Participating Provider Agreement Amendment w/ Attachments 1 & 2
F-7	ProAgr (10/98A)	NWMB Participating Provider Agreement
F-8	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-1	900-92 (4/92)	Participating Provider Agreement
S-2	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-3	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-4	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-5	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-6	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-7	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-8	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-9	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-10	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-12	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-13	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-14	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-15	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-16	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-17	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-18	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-19	GrpAgr (10/98A)	NWMB Participating Provider Group Agreement
S-20	SCMB-PA (1/96)	SCMB Participating Physician Agreement
S-21	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-22	ProAgr (10/98A)	NWMB Participating Provider Agreement
S-23	ProAgr (10/98A)	NWMB Participating Provider Agreement

ITEM NUMBER	FORM NUMBER	DESCRIPTION
S-25	No Form Number (1/96)	Integrated Prescription Drug Program Master Agreement
S-26	21225_1 (1/1/99)	Integrated Prescription Drug Program Master Agreement

Appendix VIII
Rate Filing Violations on Inforce Groups

Group #	Name	Violation
200358	San Juan Community Theater	Third Quarter rates used with Fourth Quarter effective date.
200080	Viking Rope Co.	Second Quarter rates used with Third Quarter effective date.
300293	Marietta Milling	First Quarter rates used with Second Quarter effective date.
001191	Salish Trust Opt. 2 Adv.	Adult rate too high, does not match filed rates.
300651	The Saugen Company	Rates for Children too high, rates for different plans used for Adults and Children.

APPENDIX IX
Claims

Claim #	System	COB Errors	Missing Data	Input Errors
9811060961	MSC	X		
981623990005	AMISYS Medical		X	
982338990563	AMISYS Medical	X		
982458990299	AMISYS Medical		X	
982718991011	AMISYS Medical		X	
982798990250	AMISYS Medical		X	
983178990411	AMISYS Medical		X	
990253230028	AMISYS Medical	X		
99042A000006	AMISYS Medical	X		
990815150070	AMISYS Medical	X		
991110820030	AMISYS Medical	X		
991133990225	AMISYS Medical	X		
991198990474	AMISYS Medical	X		
991306550040	AMISYS Medical			X
991375560008	AMISYS Medical	X		
991585130088	AMISYS Medical	X		
991598993409	AMISYS Medical	X		
99162T180044	AMISYS Medical			X
991743991103	AMISYS Medical	X		
991798990163	AMISYS Medical	X		
991825560043	AMISYS Medical	X		
991843990984	AMISYS Medical	X		
991888990495	AMISYS Medical	X		
992058990255	AMISYS Medical	X		
99208A001687	AMISYS Medical	X		
992213090104	AMISYS Medical	X		
992263991667	AMISYS Medical	X		
992320550292	AMISYS Medical	X		
992355280154	AMISYS Medical	X		
992378990282	AMISYS Medical	X		
992548991288	AMISYS Medical	X		
992585440018	AMISYS Medical	X		
992603990934	AMISYS Medical	X		
992643991079	AMISYS Medical	X		
992660550124	AMISYS Medical	X		
992668993589	AMISYS Medical	X		
992683230159	AMISYS Medical	X		
992790550076	AMISYS Medical	X		

Claim #	System	COB Errors	Missing Data	Input Errors
992896930032	AMISYS Medical	X		
99292A016251	AMISYS Medical	X		
99298T080145	AMISYS Medical	X		X
993013992114	AMISYS Medical	X		
99306T080202	AMISYS Medical	X		
993133080002	AMISYS Medical	X		
99314T080064	AMISYS Medical	X		
993173070004	AMISYS Medical	X		
993218992020	AMISYS Medical	X		
993275440018	AMISYS Medical	X		
993425080100	AMISYS Medical	X		
993476190181	AMISYS Medical	X		
993496190089	AMISYS Medical	X		
993523991455	AMISYS Medical	X		
99355T430198	AMISYS Medical	X		
993625040016	AMISYS Medical	X		
99139CPP0063	AMISYS Drug	X		
991473979152	AMISYS Drug	X		
99224CPP4BF9	AMISYS Drug	X		
992263970731	AMISYS Drug	X		
9922939701941	AMISYS Drug	X		
9922939747E7	AMISYS Drug	X		
992313971090	AMISYS Drug	X		
992313974D87	AMISYS Drug	X		
992373971860	AMISYS Drug	X		
992573970E9D	AMISYS Drug	X		
99267CPP1129	AMISYS Drug	X		
9927239728E8	AMISYS Drug	X		
992803972981	AMISYS Drug	X		
992923971DEO	AMISYS Drug	X		
993063971BBF	AMISYS Drug	X		
993083972768	AMISYS Drug	X		
993123973477	AMISYS Drug	X		
9931639734BO	AMISYS Drug	X		
9931939732EC	AMISYS Drug	X		
993343970FIC	AMISYS Drug	X		
993483971007	AMISYS Drug	X		
99361CPP122F	AMISYS Drug	X		
99362CPPOA7E	AMISYS Drug	X		
TOTAL		**70**	**5**	**3**